

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6761

BILL NUMBER: HB 1451

NOTE PREPARED: Jan 11, 2009

BILL AMENDED:

SUBJECT: Income Tax Credit for New Clean Fuel Vehicle.

FIRST AUTHOR: Rep. Friend

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides a refundable Adjusted Gross Income Tax credit of \$750 for the purchase or lease of a new clean fuel vehicle if the vehicle is purchased in a retail transaction that occurs from July 1, 2009, through June 30, 2010.

Effective Date: July 1, 2009.

Explanation of State Expenditures: *Department of State Revenue (DOR):* The DOR would incur some administrative expenses relating to the revision of tax forms, instructions, and computer programs to reflect the new tax credit. The DOR's current level of resources should be sufficient to implement the change.

Explanation of State Revenues: *Summary* - This bill could potentially reduce revenue collected from the Individual and Corporate Adjusted Gross Income (AGI) taxes, the Financial Institutions Tax (FIT), and the Insurance Premiums Tax (IPT) by an indeterminable amount in FY 2010 and FY 2011. The AGI tax credit applies to purchases and leases during FY 2010, thus the fiscal impact will occur in FY 2010 and FY 2011. Revenue collected from the Individual and Corporate AGI taxes, the FIT, and the IPT is deposited in the state General Fund.

Background Information - This bill provides a refundable tax credit for the purchase or lease of an American-manufactured new clean fuel vehicle during FY 2010. The tax credit is equal to \$750. If 1,000 new clean fuel vehicles are purchased or leased during FY 2010, then revenue would be reduced by \$750,000. The fiscal year that the impact occurs will depend upon when the vehicle is purchased or leased. If the vehicle is purchased or leased between July and December of 2009, then the credit will be claimed on 2009 tax returns,

resulting in an impact occurring in FY 2010. If the vehicle is purchased or leased between January and July of 2010, then the credit would be claimed on 2010 tax returns, resulting in an impact occurring in FY 2011.

The bill defines a "clean fuel vehicle" as an alternative fuel vehicle (defined in IC 6-3.1-31.9-2), an electric vehicle, or a hybrid vehicle. The bill provides that the original use of the vehicle for which a taxpayer is claiming the credit must begin with that taxpayer. In addition, the credit is not allowable for vehicles purchased for the purpose of resale.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DOR.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Jessica Harmon, 317-232-9854.